

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6753

BILL NUMBER: HB 1808

NOTE PREPARED: Jan 28, 2003

BILL AMENDED:

SUBJECT: Definition of "Nominal Compensation" for Volunteer Firefighters.

FIRST AUTHOR: Rep. Bischoff

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED:

**GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill increases the amount used to define "nominal compensation" for volunteer firefighters from \$10,000 to \$20,000.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: A volunteer firefighter may or may not receive nominal compensation for performing the duties of a volunteer firefighter. Statute provides a maximum limit of \$10,000 to be paid as nominal compensation. This bill would increase the limit to \$20,000.

Increasing the nominal compensation threshold permits volunteer fire departments to compensate their members above \$10,000 while maintaining the definition of a volunteer fire department on which contracts to provide fire protection services are based. Currently, if a volunteer fire department pays compensation above the \$10,000 maximum amount, its contracts to provide fire protection services would become void because the department would no longer fit the definition of a volunteer fire department as is provided in statute.

An indirect fiscal impact of this provision could potentially be placed on the units, such as cities, towns, or townships, that have contracted with a volunteer fire department to provide fire protection services. The cost of providing increased compensation could potentially be passed on to these units.

Background: Statute does not designate how nominal compensation should be distributed and thus varies across departments. As of 2000, there were approximately 900 active fire departments, of which 80% (720)

were volunteer, and 20% (180) were full-time. It is estimated that there are between 17,000 and 18,500 volunteer firefighters in Indiana. The fiscal impact of this bill is dependent on local action.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Volunteer Fire Departments.

Information Sources: Tom Miller, Professional Firefighters Union, (317) 443-2130; Jack Kerney, Indiana Volunteer Firefighter's Association, Inc., (877) 606-4832; Mara Snyder, Office of the State Fire Marshall, 233-5341.

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